

Procedures for Accessing HOME Funds

In an effort to streamline the multi-family application process, developers applying for Rental Housing Tax Credits (RHTCs) or Multifamily Private Activity Tax-Exempt Bonds (Bonds) may simultaneously request funds from the HOME Investment Partnerships Program (HOME). If you are applying for RHTCs or Bonds for any development and want to also access HOME funds, you must indicate the HOME funding request on the “Multi-Family Housing Finance Application” and submit additional documentation as instructed in the “Multi-Family Housing Finance Application – HOME Supplement.” Outside of this process, applications for HOME financing for a RHTC or Bond development will only be considered in accordance with IHCD’s Housing from Shelters to Homeownership application criteria.

In the event that an application is competitive for RHTCs or Bonds but either (1) the application fails the HOME threshold review; or (2) HOME funds are not available to award, IHCD will allow the applicant to submit additional information to identify other means of filling the development’s financing gap. Upon timely receipt of requested information, these applications will continue to be allowed to compete for an allocation of RHTCs or Bonds.

If the potential development has an open HOME, Community Development Block Grant (CDBG), or Low Income Housing Trust Fund (LIHTF) award through the Housing from Shelters to Homeownership program, the applicant may request funding through the QAP; however, applicants must request approval at least 30 days prior to the application deadline and IHCD must approve this action. Requests will be reviewed and underwritten on a case-by-case basis. If the application is re-underwritten, the applicant will be subject to an underwriting fee. Applicants may be required to deobligate, repay, or reduce the amount of their current award prior to the application deadline.

Applicants who receive HOME funds should be aware that additional Federal regulations and State requirements accompany this program. HOME regulations are found at 24 CFR Part 92. In particular, affordability requirements may be more stringent than the RHTC or Bond program. Applicants should carefully review these regulations when requesting HOME funding. IHCD strongly encourages applicants to consult with legal and accounting advisors due to the complexity of these programs.

Technical Assistance

IHCD’s Community Development Representatives are available to answer questions you have about applying for HOME funds. The Analyst for your county can be reached by calling (317) 232-7777 or toll-free at (800) 872-0371. A regional map of IHCD’s Community Development staff is available at: www.in.gov/ihfa/comdev/newsfaqs/regions/regions.htm.

Implementation Manual

The Implementation Manual outlines the requirements for administering IHCD’s HOME awards. Any applicant that would like a copy of the [Implementation Manual](#) may download a complete copy from IHCD’s website. Each award recipient, subrecipient, and award administrator will receive one copy at the Start-Up Training following the award announcement.



HOME Program Eligibility

Eligibility will be determined based on:

1. Whether the development demonstrates a need for HOME funds in order to make a greater number of units affordable to lower income households.
2. Whether the development meets State and Federal requirements of all programs for which it is applying.
3. If the development ranking is sufficient for it to be awarded RHTCs or Bonds pursuant to the RHTC or Bond process.
4. The availability of HOME funds.

Eligible Applicants

The award of HOME funds will be made as follows:

1. State-Certified Community Housing Development Organization (CHDO) – HOME funds will be provided in the form of a forgivable loan to state-certified CHDOs that are the **100% general partner or managing member of the LP or LLC**. The loan will be forgiven at the end of the affordability period if in compliance with all requirements.
2. Not-for-Profit Organizations or Public Housing Authorities – HOME funds will be provided in the form of a forgivable loan to not-for-profit organizations or public housing authorities (PHAs) that are the **100% general partner or managing member of the LP or LLC**. The loan will be forgiven at the end of the affordability period if in compliance with all requirements.
3. Limited Partnerships (LP) or Limited Liability Companies (LLC) – For developments where a state-certified CHDO, not-for-profit organization, or PHA is not the 100% general partner or member, HOME funds will be loaned to the ownership entity. If the LP or LLC has not yet been formed, the applicant for HOME funds should be the general partner or member. If a HOME award is made to the development, the loan documents must be executed by the LP or LLC.

Eligible applicants do not include primarily religious organizations. HOME funds may not be provided to primarily religious organizations, such as churches, for any activity including secular activities. In addition, HOME funds may not be used to rehabilitate or construct housing owned by primarily religious organizations or to assist primarily religious organizations in acquiring housing. However, HOME funds may be used by a secular entity to acquire housing from primarily religious organizations, and a primarily religious entity may transfer title to property to a wholly secular entity and the entity may participate in the HOME program in accordance with the requirements of this part. The entity may be an existing or newly established entity (which may be an entity established, but not controlled, by the religious organization). The completed housing activity must be used exclusively by the owner entity for secular purpose and available to all persons, regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property.

HOME Award Limitation

The maximum HOME request is \$500,000.

<u>HOME-Assisted Units</u>	<u>AMI</u>	<u>Maximum Funding</u>
100 %	< or = 60 % *	\$300,000
75 %	< or = 50 %	\$400,000
50 %	< or = 40 %	\$500,000

* Federal regulations require developments with 5 or more HOME-assisted units to have at least 20 % of the HOME units set-aside for households with incomes at or below 50 % AMI.

HOME Award Cap

Applicants may not exceed \$1,500,000 in HOME and CDBG funding through the Housing from Shelters to Homeownership program and/or the Qualified Allocation Plan within the previous 12-month period from application due date.

Post-Award Administrator Procurement

Administrators of IHCD awards are often not identified on the applications that are submitted to IHCD. Additionally, neither applicants nor recipients may contract with a related party of an entity ineligible to participate in the funding cycle.

Subsequently, when an award administrator is procured after an IHCD award is made, an Award Administrator Approval Form must be completed and submitted to your Community Development Representative. The form is found in the [Implementation Manual](#).

The award recipient must ensure the entity being procured is eligible to participate in IHCD programs and therefore must request IHCD approval prior to executing a contract with the administrator. Failing to receive approval may jeopardize receiving reimbursement for claims involving work conducted by the award administrator.

Maximum HOME Subsidy Limits

IHCD has established a per unit subsidy limitation for HOME-assisted units of \$35,000 for 0-bedroom units, \$40,000 for 1- and 2-bedroom units, and \$50,000 for units with 3 or more bedrooms.



Development Location

HOME funds are available statewide for the development of transitional or permanent supportive housing. Otherwise, applications for developments located within the following participating jurisdictions are not eligible for IHCD HOME funds.

Anderson	Gary	St. Joseph County Consortium**
Bloomington	Hammond	Terre Haute
East Chicago	Indianapolis*	Tippecanoe County Consortium***
Evansville	Lake County	
Fort Wayne	Muncie	

*The cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland when the housing activity is located in Hancock County will be eligible to receive assistance.

**St. Joseph County Consortium is made up of the cities of South Bend and Mishawaka and the unincorporated areas of the county. These areas would not be eligible to receive funding from IHCD. Other incorporated areas are eligible to receive assistance.

***Tippecanoe County Consortium is made up of the cities of Lafayette and West Lafayette and the unincorporated areas of the county. These areas would not be eligible to receive funding from IHCD. Other incorporated areas are eligible to receive assistance.

Additionally, HOME may not be used to assist properties located in the 100-year floodplain.

Award Term

The HOME award must be fully expended within a 24-month term. The award generally expires on the last day of the month, 24-months following approval by IHCD's Board of Directors.

Uses of HOME Funds

HOME funds may be used for acquisition, construction hard costs or rehabilitation hard costs of HOME-assisted units. HOME funds may also be used to payoff a CHDO Predevelopment loan, CHDO Seed Money loan or Trust Fund Seed Money loan. HOME funds may not be used toward the refinancing of existing permanent debt.

HOME funds may assist rental, transitional or permanent supportive housing. These units can be in the form of traditional apartments or single-room-occupancy units (SROs). SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the development consists of conversion of non-residential space or reconstruction, SRO units must contain either kitchen or bathroom facilities (they may contain both). For developments involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in the unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants.

HOME funds are not available for units identified as part of an approved RHTC or Bond lease-purchase program, unless the purchase will occur after the termination of the HOME affordability period. In such case, the assisted units will be considered rental for purposes of the HOME award. Prior to the HOME affordability period expiration, IHCD will consider requests to permit tenants to purchase HOME-assisted rental units on a case-by-case basis only.



Form of Assistance

1. If the CHDO, not-for-profit, or PHA structures the HOME funds into the development as an amortized or deferred loan, they may be permitted to retain the repayments of principal and interest for use in other affordable housing developments at IHCD's discretion. The CHDO, not-for-profit, or PHA may use the repayment stream (both principal and interest): (1) to buy the property at the end of the partnership; (2) to pay the exit fees for other partners in the development at the end of the affordability period; (3) to provide services to the tenants of the particular development; (4) to exert influence over the conditions of sale of the property; or (5) for the organization's other affordable housing activities that benefit low-income families.

IHCDA will provide HOME funds to the applicant as a loan that will remain in place until the end of the affordability period. The applicant may then loan the HOME award to the LP or LLC. The loan to the IHCDA recipient will have a two-year construction period and then turn into permanent financing at construction completion.

2. Alternatively, for developments where a CHDO, not-for-profit organization, or PHA is not the 100% general partner or managing member, IHCDA will provide the HOME funds as an amortized or deferred loan to the LP or LLC. If such an entity has not yet been formed, the applicant for the HOME funds should be the general partner or managing member, but all award documents must be executed by the LP or LLC. Principal and interest payments on these awards may be either deferred or amortized. The applicant may propose a loan term for up to 17 years (up to 2 years as a construction loan and 15 years as permanent financing). The interest rate is proposed by the applicant. The applicant must demonstrate in their application that the interest rate proposed is necessary in order to make the HOME-assisted units affordable. The HOME loan must be fully secured.

Subordination

IHCDA will subordinate to the point when the HOME loan plus other financing for the development is at an amount not to exceed 100% of the cost of construction. Subordination beyond one hundred percent (100%) will be entertained on a case-by-case basis.

Threshold Criteria

1. On or before the application deadline, the applicant must provide all documentation as instructed in the "Multi-Family Housing Finance Application – HOME Supplement." If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.
2. The Development must meet all the requirements of this Schedule and 24 CFR Part 92 and provide all documentation. If the Authority requests additional information from the applicant, all documents are due on or before the date provided by IHCDA staff.
3. If the applicant has previously been involved with funds under any IHCDA program, the applicant and any related party must not be out of compliance and/or on any IHCDA suspension list as of the application due date. In addition, the applicant or any related party will not be recommended for funding if placed on the suspension list or becomes out of compliance at any point during the review period prior to IHCDA's Board award date.

IHCDA reserves the right to disqualify from funding any application where the applicant or a related party has a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDA program or programs of other State, Federal, or affordable housing entities, such as, but not limited to the Indiana Office of Rural Affairs, U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture - Rural Development, or Federal Home Loan Bank.

Suspension Policy

Applicants are subject to IHCDA's current suspension policy.

Occupancy Restrictions/HOME Rent Limitations

One hundred percent (100%) of the HOME-assisted units must be occupied by households whose incomes are at or below 60% of the area median income, adjusted for household size, with rental rates (including tenant-paid utilities) that do not exceed the 60% AMI Rent Limit as published annually by IHCDA's Community Development Department. Additionally, Federal regulations require developments with 5 or more HOME-assisted units to have at least 20% of the units set-aside for households with incomes at or below 50% AMI.

If an SRO unit does not have kitchen or bathroom facilities, or has either of these but not both, the maximum SRO rent will be the lesser of 75% of the Fair Market Rent or 100% of the applicable rent limit for an efficiency. For an SRO unit with both kitchen and bathroom facilities, the maximum SRO rent will be 100% of the applicable rent limit for an efficiency.

Rent limits do not include food or the costs of supportive services but do include the cost of any tenant-paid utilities. You must subtract from the published rent limit an approved utility allowance for all utilities for which the tenant will be responsible.

If the applicant proposes to receive all or a portion of the rent payment via a tenant based rental subsidy, the total tenant rent cannot exceed the published rent limits for the applicable income level. For example, a tenant residing in a unit set-aside for households at or below 60% of the area median income has a voucher that pays \$100 of his/her rent, and the published utility allowance for tenant paid utilities for the unit is \$50. If the published 60% Rent Limit is \$300, the tenant paid portion of rent cannot exceed \$150 (\$300 Rent Limit - \$100 Section 8 Voucher - \$50 Utility Allowance = \$150 Maximum Tenant Paid Portion).

If a development receives federal or state project-based rental subsidy and tenants at or below 50% AMI pay no more than 30 percent of his/her adjusted income for rent, the maximum rent may be the rent allowable under the project-based subsidy program. 24CFR Part 92.252 (b)(2).

All tenants who occupy HOME-assisted units must be income recertified on an annual basis. Section 8 definition of household income applies.

Tenant and Participant Protections



All leases between a tenant and an owner of HOME-assisted units must be for not less than one year, unless by mutual agreement between the tenant and the owner. In addition, 24 CFR 92.253 sets forth certain provisions that must be included in any rental agreement and other provisions that are prohibited.

Minimum Periods of Affordability

The HOME-assisted units must meet affordability requirements for not less than the applicable period specified in the following table, beginning at development completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements must be imposed by deed restrictions or covenants running with the land. Please note that the HOME affordability period may differ from that of the RHTC or Bond program.

Rental Housing Activity	Minimum Period of Affordability
Rehabilitation or acquisition of existing housing - Less than or equal to \$40,000 HOME funds per HOME-assisted unit	10 years
Rehabilitation or acquisition of existing housing - Greater than \$40,000 HOME funds per HOME-assisted unit	15 years
New construction or acquisition of newly constructed housing	20 years

IHCDA may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. Affordability requirements will be met if the new owner agrees to enter a written agreement subjecting the development to the HOME affordability requirements for the remainder of the affordability period.

The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the development or property.

Property Standards

- The completed development must meet the more stringent of the local rehabilitation standards or the Indiana State Building Code.
- The development must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973.
- Covered multi-family units, as defined at 24 CFR 100.201, must meet the design and construction requirements at 24 CFR 100.205, which implements the Federal Fair Housing Act Amendments of 1988.
- Newly constructed units must meet additional energy efficiency standards for new construction as described in 24 CFR 92.251. Newly constructed housing must meet the edition of the Indiana Energy Conservation Code published by the International Code Council that was in place at the time of application.

Allocating Costs in Mixed-Income Developments

HOME funds may only pay actual costs related to HOME-assisted units. If the units in a development are comparable (in terms of size, features and number of bedrooms), then the actual costs can be determined



by pro-rating total development costs. HOME funds could pay the pro-rated share of the HOME-assisted units. When units are not comparable, the applicant must allocate the HOME costs on a unit-by-unit basis, charging only actual costs to the HOME program. Because units in rental developments with the "floating" HOME designation must be comparable, an applicant should always pro-rate costs in these developments. When units are generally comparable but vary slightly in size or amenities, a combination of the two approaches may be used.

Unit Size - Comparability in size is defined by the bedroom count and square footage of individual units. Not all units with the same number of bedrooms are comparable in size. If there is a substantial difference in the square footage of two units with the same number of bedrooms, the units are not considered comparable.

Amenities - Comparability in amenities means similar fixtures, appliances and other features. In many mixed-income developments, to receive varying rents, the quality and types of amenities may vary among units. For instance, a development might charge a higher rent for a unit with wall-to-wall carpeting, garbage disposal, dishwasher, and finer fixtures than for a unit without these amenities. This type of development does not typically have comparability of units, unless there is an equal distribution of assisted and non-assisted units that have these amenities.

Common Costs - Common costs are costs incurred for acquisition of improved or unimproved real property that benefits all residents of units in a development, rehabilitation or construction of shared systems (heating, plumbing, roofing) or shared facilities (community rooms, laundry facilities located in residential buildings); and on-site improvements. Costs associated with a development's on-site management office or the apartment of a resident manager may be counted as common costs. The manner in which the costs for common elements of a development may be charged is dictated by the method chosen for allocating costs.

For further guidance regarding allocating costs in mixed income developments, refer to HUD CPD Notice 98-02.

HOME Match Requirements

The HOME program requires a twenty-five percent (25%) match. Match is a requirement established by Federal regulation rather than State policy. Applicants are strongly encouraged to read 24 CFR 92.220 and HUD CPD Notice 97-03 for detailed regulatory information regarding HOME-eligible match before applying for HOME funds.

Eligibility of Contributions to HOME-Assisted and HOME Match-Eligible Housing

Form of Match	HOME-Assisted Housing	HOME Match-Eligible Housing
Cash	X	X
Foregone Taxes, Fees and Other Charges	X	
Donated Land or Other Real Property	X	X
On-site and Off-site Infrastructure	X	
Proceeds from Affordable Housing Bonds	X	X
Donated Site Preparation and Construction Equipment	X	X
Donated or Voluntary Labor and Professional Services	X	X
Sweat Equity	X	X

Form of Match	HOME-Assisted Housing	HOME Match-Eligible Housing
Supportive Services	X	
Homebuyer Counseling Services	X	
Donated Use of Site Preparation and Construction Equipment	X	X

HOME-Eligible Match

The types of match for HOME-assisted units include, but are not limited to:

- Cash contributions permanently dedicated to the HOME program from non-federal funds and not donated by the applicant or the designated property owner.
- Program income from a federal grant earned after the end of the award period if no federal requirements govern its disposition; i.e., program income generated from the Rental Rehab Program.
- Grant equivalent of the present discounted value of the yield foregone in a below-interest rate loan. (*Please note: Match from Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) funds that are loaned to the RHTC or Bond development will be calculated as the grant equivalent of the present discounted value of the yield foregone in a below-interest rate loan.*)
- The present discounted, cash value, based on customary and reasonable means for establishing value, of foregone State or local taxes, fees, or other charges that are normally and customarily imposed or charged.
- The appraised value of donated land or buildings, except those already owned by the applicant or a principal in the development, less any debt that remains as a lien against the property. Property may also be eligible as a partial donation if it is offered to the applicant at below market value and if the offeror submits a written declaration that the difference between market value and the sale price is intended as a contribution to affordable housing.
- The cost, not paid with federal resources, of on-site or off-site infrastructure improvements that are directly required for the HOME-assisted development. The infrastructure must have been completed no earlier than 12 months before HOME funds are committed to the development.
- Donated site-preparation or construction materials, not acquired with federal funds, or the reasonable rental value of the donated use of site preparation or construction equipment.
- Volunteer skilled or unskilled labor and donated professional services. Unskilled labor is currently calculated at the rate of \$10 per hour.
- The direct cost of supportive services provided to families residing in HOME-assisted units during the affordability period. The supportive services must be necessary to facilitate independent living or be required as part of a self-sufficiency program.
- Contributions to non-HOME-assisted but HOME-eligible developments, if certain federal requirements are met (income eligibility of occupants, property standards, rent limits, project occupancy requirements, affordability period, and tenant protections).
- Neighborhood Assistance Program (NAP) Tax Credits.
- Build Indiana Fund grants.

Ineligible Forms of Match



- Contributions made from federal resources, including Community Development Block Grant and Community Services Block Grant funds.
- The interest rate subsidy attributable to federal tax-exemption on financing or the value attributable to RHTCs or Bonds.
- Owner equity or investment in a development.
- Cash or other forms of contributions from applicants or recipients of HOME assistance or contracts, or investors who own, are working on, or propose to apply for assistance for a HOME-assisted development.
- Funds used for award administration or environmental review expenses.

Contributions to HOME Match-Eligible Housing

Contributions to housing that is not assisted with HOME funds, but which would otherwise qualify as affordable under the HOME Program, may be counted as match. The table below summarizes the HOME match-eligible housing requirements.

HOME Program Requirements Applicable to Affordable Housing Counted as Match

Rental Housing	Income determinations	24 CFR 92.203
	Property standards	24 CFR 92.251
	HOME rents	24 CFR 92.252
	Development occupancy requirements	24 CFR 92.252
	Periods of affordability	24 CFR 92.252(e)
	Tenant protections	24 CFR 92.253(a) & (b)

Contributions to nonaffordable units or to commercial space in HOME-match eligible developments are not eligible match. 24 CFR 92.219(b) lists the HOME requirements that the housing or rental assistance must meet if contributions are to be eligible match.

IHCDA will execute a written agreement with the owner of the housing that enumerates and imposes the applicable requirements. IHCDA has established procedures to monitor these HOME match-eligible developments to ensure continued compliance with the requirements throughout the period of affordability.

Examples of Match Contributions in Partially HOME-Assisted and Mixed-Use Developments

1. A building consists of 100 units. Sixty of the units will be HOME-assisted. Because more than 50% of the units in the development will be HOME-assisted, the applicant can count its contribution to the 40 non-assisted units as match. The contribution to these 40 non-assisted units can be counted as match regardless of whether the units qualify as affordable.
2. A building consists of 100 units. Forty of the units will be HOME-assisted. Because less than 50% of the units in the development are HOME-assisted, the applicant cannot count contributions to the non-assisted units as match.
3. A building consists of 100 units. Forty of the units will be HOME-assisted. Twenty-five of the non-HOME units will be assisted under a non-Federal housing program and will qualify as affordable housing for purposes of the HOME Program (HOME match-eligible). The remaining 15 units will not qualify as affordable housing. Although less than 50% of the units in the development are HOME-assisted, the applicant can count HOME eligible contributions to the 25 non-HOME units that will qualify as affordable as match.
4. The floor space of a mixed use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units that will all be assisted with HOME funds. Because at least 51% of the floor space is residential, HOME eligible contributions to the commercial portion of the building can be counted as match.
5. The floor space of a mixed use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units. Six of the units will be assisted with HOME funds. The remaining 4 units will not meet the HOME affordability requirements. Because at least 51% of the floor space is residential, the applicant's contribution to the commercial portion of the building can be counted as match. In addition, because more than 50% of the residential units will be HOME-assisted, HOME eligible contributions to the nonaffordable units can be counted as match.
6. The floor space of a mixed use building is 60% residential and 40% commercial. The residential portion of the building consists of 10 units. Three of the units will be assisted with HOME funds. The remaining 7 units will not meet the HOME affordability requirements. Although more than 51% of the floor space is residential, contributions to the commercial portion of the building cannot be counted as match because less than 50% of the residential units will be HOME-assisted.

Banked Match

If the applicant is proposing to utilize banked match for this activity, and it is the applicant's own banked match, the match liability on the award for which the match was generated must already be met and documented with IHCD for the match to be eligible. Only HOME-eligible match generated on IHCD awards made in 1999 or later is eligible to be banked.

Shared Banked Match

If match is from another recipient, the applicant must provide an executed agreement verifying that the recipient is willing to share the match. The agreement must contain specific language which is outlined in the HOME Supplement. Only banked match from closed awards made in 1999 or later is eligible for sharing with another applicant. The award must be **closed by IHCD** before the agreement to share match is executed. Match cannot be sold or purchased and is provided purely at the discretion of the recipient that generated it. Only banked match generated on a HOME award can be used on a future HOME award.

Underwriting Criteria

IHCDA is required to complete a subsidy layering review any time a development receives HOME funds along with other governmental subsidies to assure that the development is not being overly subsidized. In reviewing requests for HOME funds in conjunction with RHTCs or Bonds, IHCDA will utilize the underwriting analysis completed in accordance with criteria as given in the current Rental Housing Tax Credit Qualified Allocation Plan for the State of Indiana.

Recipients of IHCDA HOME funds will be required to resubmit their 15-year proforma and operating expense projections to the Community Development Department with their completion reports and close-out documents. IHCDA will compare this information with the original application. If there are any changes that would have originally resulted in a lower award amount, the applicant may be required to repay a portion of the award.

IHCDA HOME Assurances and Certifications

Applicants are required to submit an original, fully executed HOME Assurances and Certifications form. Applicants that receive HOME funding are bound by the content of the form. Applicants should seek the guidance of their legal counsel. The Assurances and Certifications form must be signed by the applicant's chief executive officer and must be attested.

Environmental and Historic Review

A complete environmental review must be performed **prior** to application submission in order to meet the requirements of the National Environmental Policy Act (NEPA). This review is not the same as a Phase I Environmental Assessment Review.

The applicant is required to complete the environmental review process and submit the environmental review record to the appropriate IHCDA Community Development Representative **on or before the application deadline**. Applicants for single site activities must also submit documentation demonstrating they have completed the Section 106 review **on or before the application deadline**. On average, an environmental review takes 90 days or more to complete. If the development involves an historic structure or construction on a site of known archaeological significance, approval may take much longer or construction may be prohibited entirely.

The Environmental and Historic Review Handbook and forms may be downloaded from IHCDA's [website](#).

Construction Contract Requirements

To meet the requirements of OMB Circular A-110, for any construction contract exceeding \$100,000, IHEDA recipients must do one of the following:

A. Bonding Requirements

1. A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
2. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
3. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. Where bonds are required, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, "Surety Companies Doing Business with the United States."

OR

B. Letter of Credit

A line of credit equal to 25% of the total construction contract. The letter of credit cannot expire until the development is issued a certificate of occupancy.

Davis-Bacon Labor Standards

Any contract for the construction or rehabilitation of affordable housing with 12 or more HOME-assisted units must contain a provision requiring that wages paid to all laborers and mechanics be not less than the prevailing wage of the locality, as predetermined by the Secretary of Labor. In addition, such contracts are subject to the overtime provisions of the Contract Work Hours and Safety Act.

Davis-Bacon developments of five or more stories are subject to commercial wage rates. Davis-Bacon developments of less than five stories that involve significant commercial development may also be subject to the commercial wages. All other Davis-Bacon developments will be subject to residential wage rates, which may be significantly lower than commercial wage rates.

Any development that is subject to Davis-Bacon wage rates is required to get an initial wage decision from IHEDA prior to application submission. For further instruction, contact your Community Development Representative.

Section 3 Requirements

Any recipient receiving in excess of \$200,000 in HOME funds or any contractor with an individual contract in excess of \$100,000 in HOME funds is subject to the Section 3 provisions of the National Affordable Housing Act. These provisions require the recipient or contractor to take steps to hire low-income individuals from the development area for open positions.



Equal Opportunity and Fair Housing

Recipients of HOME funds must comply with all Federal fair housing laws and regulations, including affirmative marketing and anti-discrimination policies. In addition, recipients must make a documented effort to solicit minority contractors and subcontractors for any work that will be contracted.

Affirmative Marketing

Rental developments consisting of 5 or more HOME-assisted units under common ownership or developed by a single entity must utilize IHCD's HOME Affirmative Marketing Procedures in soliciting renters, determining their eligibility, and concluding all transactions. IHCD's procedures have been established to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability.

HOME applicants must identify the market that is least likely to apply for the HOME-assisted units. Upon receipt of an award, the organization must implement marketing procedures to reach those persons least likely to apply. Additionally, HOME recipients, must annually re-evaluate the market least likely to apply and target marketing efforts appropriately.

Examples of marketing outreach efforts include: advertising in local media or placing flyers in community centers, houses of worship, social service offices, etc.

Applicants that are developing 5 or more HOME-assisted units must complete the Affirmative Marketing Procedures and Certification form located in the HOME Supplement and include an original signature.

Site and Neighborhood Standards

IHCD administers the HOME program in a manner that promotes housing opportunities and provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E.O. 11063, and HUD regulations issued pursuant thereto. For new construction of HOME-assisted rental units, the applicant must demonstrate that the proposed development meets the site and neighborhood standards as given at 24 CFR 983.6(b) by completing the appropriate form in the HOME Supplement.

Additional CHDO Requirements

Community Housing Development Organization (CHDO) applicants must certify that they continue to meet the requirements of 24 CFR 92.2.

Applications received from CHDOs must demonstrate that low- and moderate-income people have had the opportunity to advise the CHDO in its decisions regarding the design, siting, development, and management of the affordable housing undertaking.

Additionally, CHDOs that receive a HOME award must adhere to a fair lease and grievance procedure approved by IHCD and provide a plan for and follow a program of tenant participation in management decisions. The applicant must complete the CHDO Status and CHDO Requirements Certification located in the HOME Supplement and include an original signature.



Program Guideline Requirements

The program guidelines section of the HOME Supplement must be completed when submitting an application for funding. Program guidelines will be used in the management and leasing of the newly constructed or rehabilitated housing. They must clearly outline the requirements for the development and will be used to ensure that all applicants are treated in a fair and consistent manner. A copy of the current program guidelines must be available at the management office of the development throughout the affordability period.

During the application review period, the applicant's Program Guidelines will be evaluated. If deficiencies are noted, the applicant must revise this document.

Homeless Management Information System

The State of Indiana's Continuum of Care is in the process of implementing a Homeless Management Information System (HMIS). It is anticipated that the new system will more accurately reflect point-in-time counts of homeless persons over a greater period of time. HMIS will provide the State with much needed data about the number of persons who are homeless, the services they seek and need, and their housing patterns and needs.

For applicants that are proposing to develop either transitional housing or permanent supportive housing, you will be required to participate in HMIS as it becomes available in the State of Indiana. An original certification of this is required as part of the HOME Supplement.

Uniform Relocation and Real Property Acquisition Act of 1970 (URA) and Section 104(d) Requirements

IHCDA's goal is to minimize displacement of existing residents when federal and state funds are used for rehabilitation or acquisition. URA provisions apply to any person (including corporations, partnerships, proprietorships, and nonprofit organizations) who is involuntarily displaced because of a federally assisted development. Eligibility for URA coverage begins at the time that an offer to acquire is made for property in anticipation of a development planning to use federal funds. Tenants and owners at the time the offer to acquire is made are eligible to receive reimbursement for moving expenses as such, notices are required to be sent and verification included with the application. Residential tenants may also receive a housing cost allowance for up to 42 months.

If the development will result in a reduction of the supply of low or moderate income units, the applicant will have to provide a plan of how the units will be replaced with the application.

For further detailed information, including sample letters, please review the URA and Section 104(d) Chapter of the Community Development [Implementation Manual](http://www.in.gov/ihfa/comdev/comp/manuals/im/im.htm) at www.in.gov/ihfa/comdev/comp/manuals/im/im.htm. Additionally, applicants anticipating that URA or Section 104(d) requirements apply to their development are strongly encouraged to seek technical assistance through their Community Development Representative.

Lead Based Paint Requirements

Recipients of an IHEDA HOME award are subject to the HUD lead based paint requirements found in 24 CFR Part 35. The chart below summarizes the requirement based on the amount of HOME funds subsidizing each HOME-assisted unit. For additional instructions, contact your IHEDA Community Development Representative.

	<u>Rehabilitation</u>			<u>Acquisition without Rehabilitation</u>
HOME Amount Per Unit:	≤\$5,000	\$5,000-\$25,000	>\$25,000	
Approach # to Lead Hazard Evaluation & Reduction (see detail in following chart)	Approach #1 Do no harm	Approach #3 Identify & control lead hazards	Approach #4 Identify & abate lead hazards	Approach #2 Identify & stabilize deteriorated paint
Notification of Tenants	Yes	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing of surface to be disturbed by rehabilitation	Paint Testing of surface to be disturbed by rehabilitation & Risk Assessment	Paint Testing of surface to be disturbed by rehabilitation & Risk Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation. Safe work practices & clearance of work site	Interim controls Safe work practices & clearance of unit	Abatement (Interim Controls on exterior surfaces not disturbed by rehabilitation) Safe work practices & clearance of unit	Paint Stabilization Safe work practices & clearance of unit
Ongoing Maintenance	For HOME rental only	For HOME rental only	For HOME rental only	Yes (if ongoing relationship)
EIBLL Requirements	No	No	No	No
<u>Options</u>	Presume lead- based paint & use safe work practices on all surfaces	Presume lead- based paint &/or hazards & use standard treatments	Presume lead- based paint &/or hazards & abate all applicable surfaces	Test deteriorated paint. Use safe work practices only on lead- based paint surfaces.

Four Approaches To Implementing Lead Hazard Evaluation & Reduction:

Approach 1. Do No Harm		
<u>Lead Hazard Evaluation</u> Paint testing performed on surfaces to be disturbed	Lead Hazard Reduction Repair surfaces disturbed during work. Safe work practices used when working on areas identified as lead-based paint. Clearance performed on work site.	Options Presume lead-based paint is present and use safe work practices on all surfaces being disturbed.
Approach 2. Identify and Stabilize Deteriorated Paint		
Lead Hazard Evaluation Visual assessment performed to identify deteriorated paint.	Lead Hazard Reduction Paint stabilization of identified deteriorated paint. Safe work practices used. Clearance performed unit-wide.	Options Perform paint testing on deteriorated paint. Safe work practice requirements only apply to lead-based paint.
Approach 3. Identify and Control Lead Hazards		
Lead Hazard Evaluation Paint testing performed on surfaces to be disturbed. Risk assessment performed on entire dwelling.	Lead Hazard Reduction Interim controls performed on identified hazards. Safe work practices used. Clearance performed unit-wide.	Options Presume lead based paint &/or lead based paint hazards are present & perform standard treatments .
Approach 4. Identify and Abate Lead Hazards		
Lead Hazard Evaluation Paint testing performed on surfaces to be disturbed. Risk assessment performed on entire dwelling.	Lead Hazard Reduction Abatement performed on identified hazards. Interim controls performed on identified hazards on the exterior that are not disturbed by rehabilitation. Safe work practices used. Clearance performed unit wide.	Options Presume lead-based paint &/or lead-based paint hazards are present & perform abatement on all applicable surfaces -deteriorated, impact, friction, chewable surfaces, and surfaces to be disturbed.

Accessibility

The Federal Fair Housing Act Amendments of 1988 establishes the following seven design standards for all newly constructed multi-family housing of four or more units ready for first occupancy on or after March 13, 1991 (See 24 CFR 100.205). The housing is not covered if the last building permit was issued prior to June 15, 1990, or if the site is determined to be impractical.

- At least one building entrance must be on an accessible route.
- All public and common areas must be readily accessible to and usable by people with disabilities.



- All doors providing passage into and within all premises must be sufficiently wide for use by persons in wheelchairs.

Additionally, all ground floor units and all units on floors served by elevators must have:

- An accessible route into and through the dwelling.
- Accessible light switches, electrical outlets, thermostats, and other environmental controls.
- Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, and shower, when needed.
- Kitchens and bathrooms configured so that a person using a wheelchair can maneuver about the space.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving Federal financial assistance. HUD regulations implementing Section 504 contain accessibility requirements for new construction and rehabilitation of housing as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities. (See 24 CFR Part 8). Multifamily housing developments are defined at 24 CFR 8.3 as developments “containing five or more dwelling units.”

New Construction - HUD regulations implementing Section 504 at 24 CFR 8.22(a) require that new construction of multifamily developments be designed and constructed to be readily accessible to and usable by persons with disabilities. Both the individual units and the common areas in the building must be accessible. For new construction of multifamily rental developments, a minimum of five percent (5%) of the dwelling units in the development (but not less than one unit) must be accessible to individuals with mobility impairments. An additional two percent (2%) of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments), unless HUD prescribes a higher number pursuant to 24 CFR 8.22(c).

Rehabilitation - Substantial Alterations - Section 504 requires that if alterations are undertaken to a housing development that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone "substantial alterations" (24 CFR 8.23 (a)). For substantial alterations of multifamily rental housing, the accessibility requirements contained in 24 CFR 8.22 must be followed -- a minimum of five percent (5%) of the dwelling units in the development (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional two percent (2%), at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.

Rehabilitation - Other Alterations - When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing developments of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of five percent (5%) of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional two percent (2%) of the dwelling units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing development. (24 CFR 8.23(b)) Therefore, recipients are required to provide access in covered alterations up to the point of being infeasible or an undue financial and administrative burden.

Accessibility Standards - Dwelling units designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to comply with the Section 504 regulation. For copies of UFAS, contact the HUD Distribution Center at 1-800-767-7468; hearing or speech-impaired persons may access this number via TTY by calling the Federal Information Relay Service at 1-800-877-8339. Accessible units must be, to the maximum extent feasible, distributed throughout the development and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice. For further guidance regarding accessibility requirements, refer to HUD CPD Notice 00-09.

Certificate of Existence

All incorporated applicants must provide evidence that they validly exist according to the laws of the State of Indiana. A copy of the Certificate of Existence that is less than 6 months old must be provided with the application. This certificate can be ordered through the Secretary of State [website](http://www.in.gov/sos/business/corporations.html) at <http://www.in.gov/sos/business/corporations.html>.

For LP's and LLC's that are yet to be formed, evidence that they validly exist under the laws of the State of Indiana will be required prior to loan document preparation.

Boilerplate Document Changes

There are many documents that are required to be completed as a part of receiving funding from IHCD. These required documents have been prepared by our legal counsel.

With this in mind, IHCD will entertain requests for changes to boilerplates documents on a case-by-case basis. As such, IHCD will require reimbursement of legal expenses incurred to have boilerplate documents changed.